

**RAILROAD COMMISSION OF TEXAS
FORMAL COMMISSION ACTION
JULY 6, 2004**

Pursuant to lawful notice, the Commission held an open meeting at 1701 N. Congress Avenue, in Room 1-111, Austin, Texas, on the 6th day of July 2004, commencing at 9:30 a.m. Chairman Victor G. Carrillo and Commissioners Charles R. Matthews and Michael L. Williams were present. Chairman Carrillo presided.

- I. Before commencing with matters on the regular posted agenda, the Commission presented service certificates and pins to Commission employees in recognition of their length of service.
- II. The Commission began consideration of matters falling within the Railroad Commission's Gas Services regulatory jurisdiction.
 - A. The Commission considered Gas Utilities Docket No. 9465, the appeal of Texas Gas Service Company from the action of the Cities of Port Neches, Nederland and Groves, Texas. On motion of Commissioner Matthews, the Commission voted to deny the request for oral argument and defer the case until the next conference for further review regarding rate case expense issues. This case was presented by Examiner Gene Montes.
 - B. The Commission considered Gas Utilities Docket No. 9364, the Joint Petition of Centerpoint Energy Entex and the City of Tyler for Review of Charges for Gas Sales. The Commission heard comments from Mr. Joey Seeber, Mayor of Tyler. Examiner Gene Montes recommended the Commission deny the interim appeal. On motion of Chairman Carrillo, he and Commissioner Matthews voted to grant the interim appeal and the City of Tyler's motion for timely rate case expense reimbursement. Commissioner Williams voted no and filed a written statement. (see attached.)
 - C. In consideration of Gas Utilities Docket No. 9466, the application of TGS Rio, L.L.C. for review of the purchase for pipeline systems from GulfTerra Texas Pipeline, L.P., the Commission denied the *Interim Appeal of Examiners' Letter No. 3* filed by Apache Corporation. Denial of the appeal was recommended by Examiner Gene Montes.

OFFICIAL MINUTES – JULY 6, 2004

- D. In consideration of Docket No. 9401, the Commission approved the Direct Assessment Methodologies as part of Air Products L.P.'s Pipeline Integrity Assessment and Risk Management Plan. Approval was recommended by Enforcement Director Boyd Johnson.
 - E. In consideration of Docket No. 9419, the Commission approved the Direct Assessment Methodologies as part of Oneok Westex Transmission L.P.'s Pipeline Integrity Assessment and Risk Management Plan. Approval was recommended by Enforcement Director Boyd Johnson.
- III. The Commission began consideration of matters falling within the Railroad Commission's Oil and Gas regulatory jurisdiction.
- A. The Commission took the following action on applications appearing on the protested docket of the Oil and Gas Division:
 - 1. In consideration of Docket No. 06-0235805, the Commission approved the application of Enbridge Pipelines (NE TX) L.P., to construct and operate a hydrogen sulphide gas pipeline lateral extension in Morris and Cass Counties, Texas. Approval was recommended by Examiner Thomas H. Richter.
 - 2. In consideration of Docket No. 8A-0238747, the Commission approved the application of Occidental Permian Ltd. to construct and operate a hydrogen sulphide gas pipeline known as the OXY Levelland Unit to the OXY Mallet CO₂ Recovery Plant in Hockley County, Texas. Approval was recommended by Examiner Thomas H. Richter.
 - 3. The Commission approved the revised order as directed at the June 22, 2004 conference involving 36 dockets, the applications of Caltex Energy Co. for exceptions to Statewide Rule 21 to produce by swabbing, bailing or jetting 157 wells on 36 leases, Staples, Dale McBride, Buchanan, Dunlap, Darst Creek (Buda), Tenney Creek, Spiller, and Lytton Springs Fields, Caldwell and Guadalupe Counties, Texas. The Commission approved the applications in Docket Nos. 01-0234538, 01-0234543, 01-0234544, 01-0234553, 01-0234554, 01-0234555, 01-0235118, 01-0235119, 01-0235120, 01-0235818, 01-0235819, 01-0235820, 01-0235821, 01-0235822, 01-0235823, 01-0235824, 01-0235825, 01-0235826, 01-0235827, 01-0235828, 01-0235829, 01-0235830, 01-0235831, 01-0235832, 01-0235833, 01-0235834, 01-0235835, 01-0235836, 01-0235837, 01-0235838, 01-0235839, 01-0235840, 01-0235842, 01-0235843, 01-0235844 and 01-0235845. This action was recommended by Examiner Jim Doherty.

OFFICIAL MINUTES – JULY 6, 2004

4. In consideration of Docket No. 7B-0235592, the Commission denied the motion for rehearing filed in the enforcement action against Fareed A. Kahlon D/B/A U.S. Enterprises (875320), as to the Hamby Consolidated Unit (15179) Lease, Well Nos. 2,3, 4, 5, 6, 9, 10, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29 and 30, Box N. (Tannehill) Field, Jones County, Texas.
 5. The Commission considered Docket No. 0237672, and took no action because applicant Crown Petroleum Corp. withdrew their application for a Rule 37 exception.
 6. The Commission took no action regarding the appeal of Thrall Operating Company, Inc., of the examiner's good faith claim determination regarding the single-signature Form P-4 filed by Electra Gas, Inc., for a Change of Operator of the Bengston, Augusta, Est. (01285) Lease, New Sweden Field, Travis County, Texas.
- B. The Commission took action on applications appearing on the unprotested docket after Chairman Carrillo announced that those persons interested in such matters were welcome at the bench.
- IV. The Commission began consideration of matters authorized by law including the administration, budget, procedures and personnel of the following divisions as presented by the division director or other authorized personnel.
- A. Executive Office: Executive Director Ron Kitchens
1. The Commission signed the amendment to the Oil and Gas Migration Contract with Maximus, Inc., that accelerates the termination of the contract, identifies deliverables and satisfies the payment for the deliverables.
- B. Personnel: Director Mark Bogan
1. The Commission approved the fiscal year 2005 Agency-wide Certification regarding drug-free workplace requirements in compliance with federal grant conditions under the Drug-Free Workplace Act of 1988.
- C. Information Technology Services: Director Bowden Hight.
1. The Commission approved and authorized the dissemination of the Information Resources Strategic Plan for Fiscal Years 2005-2009.
- V. With no further business to come before the Commission at this time, the conference was adjourned at 11:02 a.m.

